

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 13, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

| | | | |
|---|---|--|--|
| Applicant: | California Municipal Finance Authority | | |
| Allocation Amount Requested: | Tax-exempt: | \$5,500,000 | |
| Project Information: | Name: | Cottage Village Senior Apartments | |
| | Project Address: | 510 North Cottage Avenue | |
| | Project City, County, Zip Code: | Manteca, San Joaquin, 95336 | |
| Project Sponsor Information: | Name: | DFA Cottage Village Associates LP (DFA Cottage Village LLC, Delta Community Development Corporation and RCC MGP LLC) | |
| | Principals: | Daniel Fred and Christopher Flaherty for DFA Cottage Village LLC; Peter Ragsdale for Delta Community Development Corporation and Kenneth Robertson for RCC MGP LLC | |
| | Property Management Company: | DKD Property Management Company | |
| Project Financing Information: | Bond Counsel: | Quint & Thimmig LLP | |
| | Private Placement Purchaser: | F&M Bank | |
| | Cash Flow Permanent Bond: | Not Applicable | |
| | Public Sale: | Not Applicable | |
| | Underwriter: | Not Applicable | |
| | Credit Enhancement Provider: | Not Applicable | |
| | Rating: | Not Applicable | |
| | TEFRA Noticing Date: | September 30, 2017 | |
| | TEFRA Adoption Date: | October 17, 2017 | |
| Description of Proposed Project: | State Ceiling Pool: | General | |
| | Total Number of Units: | 48 | |
| | Manager's Units: | 1 Unrestricted | |
| | Type: | New Construction | |
| | Population Served: | Senior Citizens | |

Cottage Village Senior Apartments is a new construction project located in Manteca on a 3.19 -acre site. The project consists of 47 restricted rental units, and 1 unrestricted manager unit. The project will have 40 one-bedroom units and 8 two-bedroom units. The buildings will be 2 stories garden style design and stick type of construction. Common amenities include a large community room, laundry facilities and management offices. With the relatively level site, preponderance of ground level units, a generous unit design with interior spaces and clearances for full accessibility, the project will offer 42 units that provide prospective senior and disabled senior residents with options that presently do not exist. There are 62 parking spaces provided. The construction is expected to begin April 2018 and to be completed in April 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
32% (15 units) restricted to 50% or less of area median income households.
68% (32 units) restricted to 60% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

| | | | |
|---|----|-----------|--|
| Estimated Total Development Cost: | \$ | 9,833,361 | |
| Estimated Hard Costs per Unit: | \$ | 71,808 | (\$3,446,799 /48 units including mgr. units) |
| Estimated per Unit Cost: | \$ | 204,862 | (\$9,833,361 /48 units including mgr. units) |
| Allocation per Unit: | \$ | 114,583 | (\$5,500,000 /48 units including mgr. units) |
| Allocation per Restricted Rental Unit: | \$ | 117,021 | (\$5,500,000 /47 restricted units) |

| Sources of Funds: | Construction | Permanent |
|--|---------------------|---------------------|
| Tax-Exempt Bond Proceeds | \$ 5,500,000 | \$ 2,600,000 |
| LIH Tax Credit Equity | \$ 552,823 | \$ 3,666,557 |
| Deferred Developer Fee | \$ 488,909 | \$ 507,844 |
| Deferred Costs | \$ 268,669 | \$ 0 |
| HA County of San Joaquin Loan | \$ 2,330,000 | \$ 2,330,000 |
| HA County of SJ Rent Loan | \$ 100,000 | \$ 100,000 |
| City of Manteca Impact Fee Waiver Loan | \$ 592,960 | \$ 592,960 |
| Solar Tax Credit Equity | \$ 0 | \$ 36,000 |
| Total Sources | \$ 9,833,361 | \$ 9,833,361 |

| Uses of Funds: | |
|---|---------------------|
| Land Cost/Acquisition | \$ 161,988 |
| New Construction | \$ 5,003,906 |
| Contractor Overhead & Profit | \$ 345,544 |
| Architectural Fees | \$ 310,000 |
| Survey and Engineering | \$ 35,000 |
| Construction Interest and Fees | \$ 414,250 |
| Permanent Financing | \$ 56,000 |
| Legal Fees | \$ 308,000 |
| Reserves | \$ 95,000 |
| Appraisal | \$ 20,000 |
| Hard Cost Contingency | \$ 270,572 |
| Local Development Impact Fees | \$ 1,157,180 |
| Other Project Costs (Soft Costs, Marketing, etc.) | \$ 451,604 |
| Developer Costs | \$ 1,204,317 |
| Total Uses | \$ 9,833,361 |

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

77.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$5,500,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

| Point Criteria | Maximum Points Allowed for Non-Mixed Income Projects | Maximum Points Allowed for Mixed Income Projects | Points Scored |
|--|--|--|---------------|
| Preservation Project | 20 | 20 | 0 |
| Exceeding Minimum Income Restrictions: | 35 | 15 | 35 |
| Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project] | [10] | [10] | 10 |
| Gross Rents | 5 | 5 | 5 |
| Large Family Units | 5 | 5 | 0 |
| Leveraging | 10 | 10 | 10 |
| Community Revitalization Area | 5 | 5 | 0.00 |
| Site Amenities | 10 | 10 | 7.5 |
| Service Amenities | 10 | 10 | 0 |
| New Construction or Substantial Renovation | 10 | 10 | 10 |
| Sustainable Building Methods | 10 | 10 | 0 |
| Forgone Eligible Developer Fee (Competitive Allocation Process Only) | 10 | 10 | N/A |
| Minimum Term of Restrictions (Competitive Allocation Process Only) | 10 | 10 | N/A |
| Negative Points (No Maximum) | -10 | -10 | 0 |
| Total Points | 140 | 120 | 77.5 |